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Viewing cable 07BERN664, ISA: SWISS SUPPORT EGL DEAL, VIEW IT AS ISA AND \

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#07BERN664**.

Reference ID	Created	Released	Classification	Origin
07BERN664	2007-07-19 14:17	2011-08-30 01:44	CONFIDENTIAL	Embassy Bern

Appears in these articles:

http://www.letemps.ch/swiss_papers

VZCZCXYZ0001
PP RUEHWEB

DE RUEHSW #0664/01 2001417
ZNY CCCCC ZZH
P 191417Z JUL 07
FM AMEMBASSY BERN
TO RUEHC/SECSTATE WASHDC PRIORITY 4233
INFO RUCNMEU/EU INTEREST COLLECTIVE PRIORITY
RHEHAAA/WHITE HOUSE WASHINGTON DC PRIORITY
RUCNDT/USMISSION USUN NEW YORK PRIORITY 0130
RUEHGV/USMISSION GENEVA PRIORITY 2731
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY

2007-07-19 14:17:00 07BERN664 Embassy Bern CONFIDENTIAL 07STATE79777 VZCZCXYZ0001\
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DE RUEHSW #0664/01 2001417\
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FM AMEMBASSY BERN\
TO RUEHC/SECSTATE WASHDC PRIORITY 4233\
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RUCNDT/USMISSION USUN NEW YORK PRIORITY 0130\
RUEHGV/USMISSION GENEVA PRIORITY 2731\
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY\
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C O N F I D E N T I A L BERN 000664 \

SIPDIS \

SIPDIS \

STATE FOR P, E, ISN, EUR \

E.O. 12958: DECL: 07/18/2017 \

TAGS: [ENRG](#) [ETTC](#) [PARM](#) [SZ](#)

SUBJECT: ISA: SWISS SUPPORT EGL DEAL, VIEW IT AS ISA AND \

UNSCR COMPLIANT \

REF: A. STATE 79777 \

[1](#)B. STATE 22311 \

Classified By: POL/E Eric Lundberg, Reason 1.4 b/d \

1.(C) Summary. Econoff delivered the EGL points in REF A to \

a Swiss officials from the Departments of Foreign Affairs, \

Energy, and Economic Affairs on July 18. The Swiss officials \

confirmed that EGL signed the reported multi-billion dollar \

contract with the government of Iran for 5.5 billion cubic \

meters of liquid natural gas annually. The GOS added that \

EGL's contract and the proposed TPA pipeline to deliver the \

gas to Europe would help Switzerland diversify its energy \

supply, reducing its reliance upon Russia for LNG. Hammer \

said that EDA lawyers determined that EGL's contract was \

consistent with UNSCR 1737 and 1747 and believed that the \

annual value of the contract would fall below the \$20 million \

threshold wherein the Iran Sanctions Act (ISA) could be \

applied. End Summary. \

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EGL Deal Signed, Contingencies are Business Confidential \

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2.(C) Econoff raised the serious concerns the USG has with \

EGL's gas contract with Iran, during a July 18 meeting with \

Swiss Foreign Affairs Department (EDA) Americas Division \

Deputy Urs Hammer, Swiss Federal Office of Energy (SOFE) \

International Affairs officer Pascal Previdoli, and Swiss \

State Secretariat for Economic Affairs (SECO) Middle East and \

African Affairs Director Rita Trier-Somazzi. SOFE's \

Previdoli confirmed that the EGL contract has been signed and \

that it could be valued in the billions of dollars depending \

on the price of the gas and the length of the contract. He \

said that there were uncertainties in the contract, as Iran \

has signed 15 LNG deals to date and did not have the capacity \

to meet all of its current commitments. He told Econoff that \

the contingencies in the EGL deal were not disclosed to the \

Swiss government because they were considered business \

confidential, but added that EGL certainly included caveats \

SIPDIS \

in the contract, given the unreliable nature of the supplier \

and the numerous commitments the Iranians have made. \

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EGL Making No Investments in Iran \

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[1](#)3. (C) Previdoli explained that the EGL deal was approved by \

the Swiss and EU member state governments and was part of an \

European energy security plan to diversity the continents \

supply of LNG. Russia, a country Previdoli described as \

non-transparent and prone to negative energy policies, \

remains unreliable, forcing Switzerland and Europe to arrange \

alternate suppliers of LNG to prevent a "cut off." The Swiss \

government did not oppose EGL's deal because it was only for \

the delivery of 5.5 billion cubic meters annually and did not \

entail gas or petroleum investments in Iran. The contract \

was also consistent with EU legislation and was therefore \

supported in Brussels. \

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UN and ISA Compliant \

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14. (C) EDA's Hammer explained that the Swiss government had \
examined EGL's contract because it did not want Switzerland \
to be in violation of UNSCR 1737 or 1747. EDA's lawyers also \
examined the potential conflicts with the Iran Sanctions Act \
(ISA) and were of the opinion that the EGL deal would be \
compliant with ISA, since the annual value of the contract \
for the gas is not likely to exceed the annual \$20 million \
limit. \

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Pipe(line) Dreams \
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15. (C) SOFE's Previdoli and SECO's Trier-Somazzi explained \
that the two trans-Adriatic pipelines under construction, the \
TAP and the IGI, were competing with one another and that \
only one would be economically viable. The pipelines were at \
identical stages of planning and funding, making EGL's \
conclusion of a gas deal an important selling point for \
investors. The TPA pipeline's financial future was much \
brighter, but not certain, as there are Russian and Italian \
interests pitted against it. \

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Comment \
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16. (C) Comment. The Swiss government firmly believes the EGL \
deal will benefit Swiss economic security, since it promises \
to diversify the Swiss gas supply away from Russia and \
introduce competition into the market, lowering prices. The \
government also maintains that the deal is in full conformity \
with UNSCR 1737 and 1747, and lawyers were confident that it \
would not run afoul of ISA. The Swiss government remains \
committed to the P5-plus-one negotiations and to ensuring \
that Iran not develop a nuclear weapons capability. \
According to the Swiss government, these objectives are not \
undermined by the EGL deal. \
CONEWAY \